Statement

Terms for assigning the Power Projects to Multinationals

— Private Sector can set up thermal projects (coal/gas) and hydel projects and wind/ solar energy project of any size.

— Private Sector companies can set up enterprises to operate either as licensees or as generating companies.

— All private companies entering the Electricity Sector hereafter will be allowed a debt-equity ratio upto 4:1.

— Promoter's contribution should be at least 11% of the total outlay.

— To ensure that private entrepreneurs bring in additionally of resources to the sector, not less than 60% of the total outlay for the project must come from sources other than Public Financial Institutions.

— Upto hundred per cent (100%) foreign equity participation can be permitted for projects set up by foreign private investors.

— The condition of dividend balancing by export earnings which is normally being applied to cases foreign investment upto 51% equity will not be applicable to foreign investments in the power sector.

— With the approval of the Government, import of equipment for power projects will also be permitted in cases where foreign supplier(s) or agency(ies) extend concessional credit.

— The customs duty for import of power equipment has been reduced to 20% and this rate has also been extended to machinery required for modernisation and renovation of power plants.

— Upto 16% return on the foreign equity included in the tariff can be provided in the respective foreign currency.

— Fixed costs can be recovered at 68.5% PLF. Attractive incentives are prescribed for performance beyond this PLF.

Tannery and Footwear Corporation of India, Kanpur

1525. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleased to state:

(a) whether the SBI has been withholding the documents and papers of the Tannery and footwear Corporation of India Limited, Kanpur;

(b) whether the bank has not allowed the company to revalue and reassess actual cost of its large properties;

(c) whether the failure of the bank on this count has resulted in the company to become sick;

(d) whether Government would immediately intervene in the matter; and (e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBIPROSAD PAL): (a) and (b) In accordance with the practices and usages customary amongst banks and in conformity with provisions of statutes governing public sector banks, the information relating to individual constituents cannot be divulged.

(c) to (e) State Bank of India (SBI) has reported that it is not correct to say that SBI was responsible for the sickness of the company. It may however be added that the Board for Industrial and Financial Reconstruction (BIFR) in its last hearing held on 14.02.1995 formed the opinion that Tannery and Footwear Corporation of India Ltd. (TAFCO) was not likely to make its net worth exceed the accumulated losses within a reasonable time while meeting all its financial obligations and that TAFCO as a result thereof was not likely to become viable in future and that it was just and equitable that the company should be wound up. BIFR also directed that its opinion be forwarded to the concerned High Court for necessary action. TAFCO Officers' Association went in appeal to the Appellate Authority for Industrial Financial Reconstruction (AAIFR) against the order of the BIFR. The appeal has since been dismissed by the AAIFR.